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**STATE OF IOWA
LEGISLATIVE FISCAL BUREAU**

State Capitol
Des Moines, Iowa
50319

MEMORANDUM

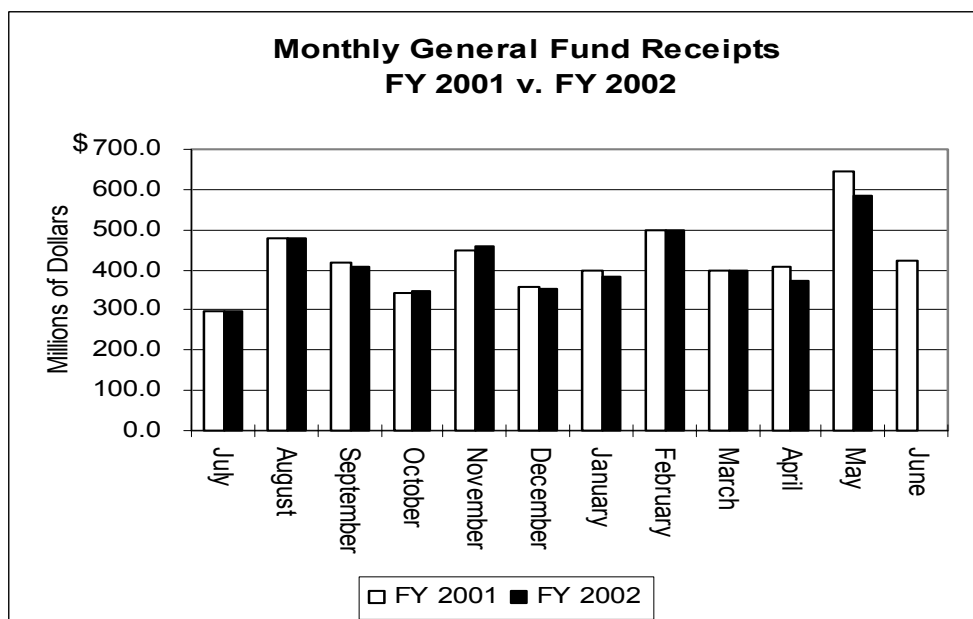
TO: Members of the Iowa Senate and
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: June 3, 2002

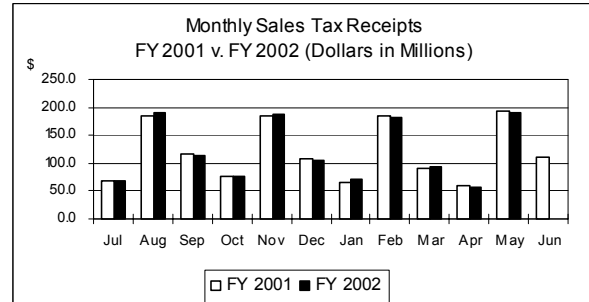
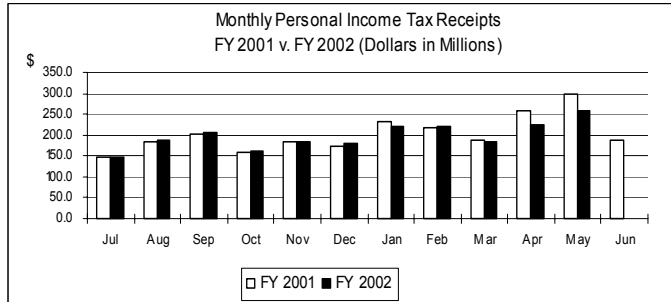
Monthly General Fund Receipts through May 31, 2002

The attached spreadsheet represents total FY 2002 estimated General Fund receipts, with comparable figures for actual FY 2001. These can be compared to the FY 2002 estimate (\$4,948.3 million) set by the Revenue Estimating Conference (REC) on May 7, 2002. The estimate represents a decrease of \$166.2 million (- 3.2%) compared to actual FY 2001.



FY 2002 Compared to FY 2001

Year-to-date FY 2002 revenue has decreased \$116.2 million (- 2.5%) compared to FY 2001. This is above the REC estimate of - 3.2% for FY 2002.



Gross personal income tax revenues received in May totaled \$258.0 million, a decrease of \$41.0 million (- 13.7%) compared to May 2001.

The REC FY 2002 income tax estimate of \$2,341.1 million represents a projected change of - 3.5% compared to actual FY 2001. The actual year-to-date change in personal income tax is currently - 2.8%.

The State tracks personal income tax in three sub-categories:

Withholding receipts in May increased 2.7% compared to May 2001.

Estimated tax payments in May decreased 26.5% compared to May 2001.

Tax payments with returns in May decreased 40.8% compared to May 2001. The majority of these revenues are collected when taxpayers file annual personal income tax returns and are received during the mid-March to April 30 filing period.

The Chart above compares monthly personal income tax receipts for FY 2001 with FY 2002.

Sales tax revenues received in May totaled \$191.7 million, a decrease of \$2.9 million (- 1.5%) compared to May 2001.

The REC estimate for FY 2002 sales tax receipts is \$1,451.6 million, which represents an increase of 0.7% compared to actual FY 2001. The actual year-to-date growth in sales tax is currently 0.6%.

The Chart above compares monthly sales tax receipts for FY 2001 with FY 2002.

Corporate income tax receipts in May were \$20.1 million, a decrease of \$28.0 million (- 58.2%) compared to May 2001.

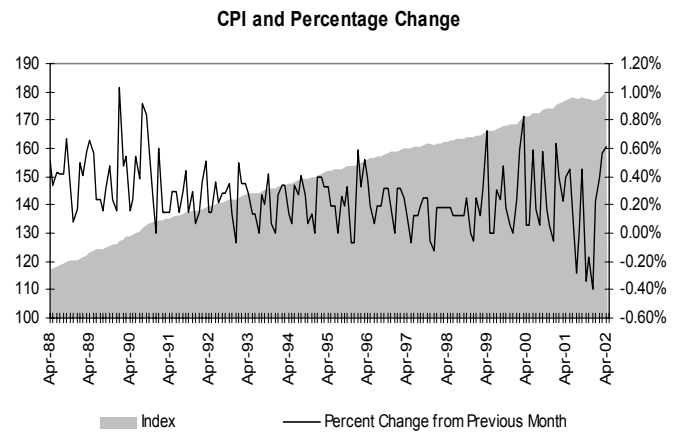
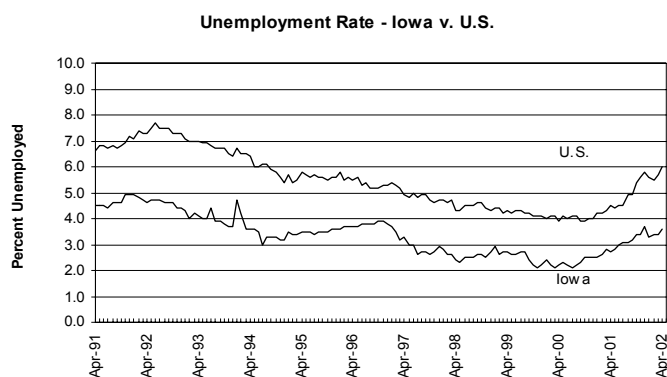
The REC projected FY 2002 corporate income tax receipts at \$206.8 million, a decrease of 27.4% compared to actual FY 2001. The actual year-to-date growth in corporate income tax is currently - 25.6%.

Status of the Economy

The April seasonally adjusted State unemployed rate increased to 3.6% from the March level of 3.4%. The unemployment rate a year ago was 3.3%. Iowa's total adjusted April employment registered at 1,546,200, up 13,200 from last year's level. The number of unemployed persons in Iowa was recorded at 58,200 in April, which is up 15,200 compared to last year's level. The amount of unemployed workers in April decreased 4,100 from last month's level. The U.S. unemployment rate in April rose to 6.0% from the March level of 5.7%. The U.S. unemployment rate a year ago was 4.5%.

Consumer prices increased in April from the March level by 0.6%. The Consumer Price Index (CPI-U) through April 2002 was 179.8 (1983=100), which is 1.6% higher than one year ago.

The following series illustrate U.S. and Iowa unemployment comparisons and the CPI through April 2002.



Information related to State General Fund receipts is available on the Legislative Fiscal Bureau's website at: <http://staffweb.legis.state.ia.us/lfb/>.

GENERAL FUND RECEIPTS - FY 2001 vs. FY 2002 July 1 through May 31, in millions of dollars Dollars may not add due to rounding				ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 01 Actual Compared to FY 02 REC Estimate			
	FY 2001	FY 2002	Year to Date % CHANGE	May % CHANGE	Actual FY 2001	Estimate FY 2002	% CHANGE
Personal Income Tax	\$ 2,238.2	\$ 2,175.6	-2.8%	-13.7%	\$ 2,426.6	\$ 2,341.1	-3.5%
Sales Tax	1,330.3	1,337.8	0.6%	-1.5%	1,441.7	1,451.6	0.7%
Use Tax	236.4	228.3	-3.4%	-5.9%	249.4	235.6	-5.5%
Corporate Income Tax	252.3	187.7	-25.6%	-58.2%	284.8	206.8	-27.4%
Inheritance Tax	93.4	93.6	0.2%	31.2%	104.6	98.0	-6.3%
Insurance Premium Tax	94.3	104.2	10.5%	14.7%	126.6	136.8	8.1%
Cigarette Tax	80.8	80.2	-0.7%	8.8%	89.6	88.2	-1.6%
Tobacco Tax	5.9	6.4	8.5%	0.0%	6.7	7.2	7.5%
Beer Tax	12.2	12.4	1.6%	0.0%	13.6	13.6	0.0%
Franchise Tax	26.9	27.4	1.9%	87.5%	31.2	28.5	-8.7%
Miscellaneous Tax	2.4	3.3	37.5%	-1900.0%	1.3	1.3	0.0%
Total Special Taxes	\$ 4,373.1	\$ 4,256.9	-2.7%	-10.4%	\$ 4,776.1	\$ 4,608.7	-3.5%
Institutional Payments	42.8	44.9	4.9%	40.6%	47.2	44.8	-5.1%
Liquor Transfers:							
Profits	34.0	35.5	4.4%	14.3%	37.5	39.0	4.0%
7% Gross Revenue	8.3	8.3	0.0%	0.0%	9.0	9.0	0.0%
Interest	17.3	20.4	17.9%	133.3%	18.2	28.0	53.8%
Fees	66.3	63.9	-3.6%	-17.9%	72.5	72.6	0.1%
Judicial Revenue	47.5	45.9	-3.4%	7.1%	48.8	51.0	4.5%
Miscellaneous Receipts	41.5	38.8	-6.5%	14.3%	45.2	35.2	-22.1%
Racing and Gaming Receipts	60.0	60.0	0.0%	0.0%	60.0	60.0	0.0%
TOTAL RECEIPTS	\$ 4,690.8	\$ 4,574.6	-2.5%	-9.7%	\$ 5,114.5	\$ 4,948.3	-3.2%